STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	**06/29/01**	Bill No:	**SB 1181**
Tax:	**Property Taxes**	Author:	**Senate Revenue and Taxation Committee**
Board Position:	**Support: Board-sponsored**	Related Bills:	**SB 1184 (SR&T)**

BILL SUMMARY

This bill contains Board of Equalization sponsored property tax technical and housekeeping provisions to do the following:

1. Specify, for property removed from a Timberland Production Zone, the time period to appeal the tax recoupment fee and specify that the fee is due within 60 days of the mailing of the notice. (Government Code §51142)
2. Provide additional cleanup related to restoring the statute of limitations on escape assessments and associated supplemental assessments. (§§75.11 and 532)
3. Revise the provisions where a property's assessed value may be reduced after a disaster to:
    a. Permit assessor initiated reductions in assessed value generally.
    b. Give taxpayers more time to file a claim for reassessment.
    c. Give taxpayers more time to file an appeal on the post-disaster value determined.
    d. Increase the eligibility threshold level to at least $10,000 of damage. (§170)
4. Change, for the disabled veterans' exemption low-income threshold, the period for measuring inflation increases and clarify that increases are to be compounded annually. (§205.5)
5. Clarify the application of state assessee penalties. (§§830 and 830.1)
6. Clarify that county assessors and auditors must maintain the confidentiality of state assessee information provided by the Board. (§833)
7. Provide both parties in an equalization or assessment appeal hearing adequate time to review the other's information in the context of an exchange of information. (§1606)
8. Clarify that change in ownership provisions apply to manufactured homes. (§5814)
9. Eliminate the need to file a declaration of intent to petition for reassessment of private railroad cars. (§§11273, 11338 and 11339)

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.

ANALYSIS

Timberland Production Zone - Tax Recoupment Fee
Government Code Section 51142

Current Law

Under current law, land in a Timberland Production Zone (TPZ) is subject to a 10-year contractual restriction, which is extended annually, whereby use is restricted to growing and harvesting timber and certain compatible uses approved by the local county board of supervisors. In return, the valuation of timberland under TPZ for property tax purposes is based on its restricted use. As a result, its assessed value may be lower than it would otherwise be under the general assessment valuation procedures of Proposition 13.

Property owners can request that their property be immediately removed from TPZ zoning. If approved, the Government Code requires that a "tax recoupment fee" be charged. An owner may request, to either the county board of supervisors or the Board of Equalization, as specified, that the fee, in whole or in part, be waived when it is in the public interest to do so.

The tax recoupment fee is based, in part, on the value established by the assessor who must reassess the property upon its removal from TPZ. The taxpayer may appeal the value established.

Proposed Law

This bill would specify the time period for a taxpayer to appeal the new valuation of property that has been removed from a Timberland Production Zone. It would also specify that the tax recoupment fee is due within 60 days of the mailing of the tax bill rather than within 60 days of receipt of the tax bill.

Comments

This bill would address two issues that counties have encountered in performing their functions related to the tax recoupment fee.

First, a taxpayer may appeal the valuation upon which the tax recoupment fee is based "in the same manner" as an assessment appeal. This language is contained in the Government Code, but without cross reference to the specific time frame to file an appeal. The appeal time frame is generally found in the Revenue and Taxation Code Section 1605 with respect to assessments made outside of the regular assessment period. This bill would provide directly in the Government Code that the appeal application must be filed no later than 60 days after the date of mailing of notice. This parallels the time frame to file an appeal for other assessments made outside the regular assessment period, such as supplemental and escape assessments.

Secondly, the law provides that the tax recoupment fee is due within 60 days of "receipt" of the mailing of the notice. Most other laws provide that payment is due within a specific time frame of the "mailing" of the notice. A situation has occurred in Sierra

County whereby a taxpayer has refused to accept mail from the county. Consequently, the county cannot certify that the tax recoupment fee notice was received. Because the statute uses the term "receipt" rather than "mailing," they believe they have no authority under the present statute to establish a due date for the fee. This bill would change the language to "mailing" in conformance with most other tax laws.

Statue of Limitations – Escape and Supplemental Assessments
Revenue & Taxation Code Sections 75.11 and 532

Current Law

Last year the Board sponsored legislation (SB 2170, Ch. 647, SR&T) to restore a limitation on the number of escape assessments (and associated supplemental assessments) that may be levied for prior tax years, except in cases of fraud or involving property owned by a legal entity in which a change in ownership statement was not filed. These amendments were made in response to Ch. 544, (SB 1726, 1995, Kopp), which had modified the former statute of limitations provisions to provide that, when a taxpayer does not file a change in ownership statement with the assessor, regardless of the reason or circumstance, taxes will be levied for <u>every</u> tax year that the property was underassessed. Prior to Senate Bill 1726 of 1995, there had been a statutory limit of the last eight tax years.

Proposed Law

This bill would amend Sections 75.11 and 532 of the Revenue and Taxation Code to provide additional cleanup related to restoring the statute of limitations on escape assessments and associated supplemental assessments.

Comments

With respect to supplemental assessments, Senate Bill 2170 amended Section 75.11 by adding paragraph (3) to subdivision (d) to restore the pre-1995 eight year limit on making supplemental assessments in cases where a change in ownership statement is not filed. However, Senate Bill 2170 did not also modify paragraphs (1) and (2) of subdivision (d), relating to situations where a four or six year limit apply, to remove references to change in ownership statements. The references to change in ownership statements in paragraphs (1) and (2) of subdivision (d) had been made by 1995's Senate Bill 1726. Consequently, the four and six year statute of limitations in paragraph (1) and (2) are also keyed to the filing of change in ownership statement, in conflict with newly added paragraph (3). This amendment would correct this conflict by restoring the language of paragraph (1) and (2) to its pre-1995 form.

In addition, with respect to escape assessments, for the purpose of technical precision, the phrase "change in ownership" in paragraph (3) of subdivision (b) of Section 532 should state "change in ownership or change in control" to conform with the identical phrase used in paragraph (2) of subdivision (b).

Disaster Relief

Revenue & Taxation Code Section 170

Current Law

Under existing law, property taxes may be reduced following a disaster, misfortune, or calamity in those counties where the board of supervisors has adopted an ordinance authorizing the disaster relief provisions of Section 170 of the Revenue and Taxation Code. Disaster relief is provided by allowing the county assessor, under specified conditions, to reassess the property after the lien date to recognize the loss in a property's market value. The prior assessed value of the damaged property is reduced in proportion to the loss in market value; the new reduced value is used to calculate a pro-rata reduction in taxes. The affected property retains its lower value, with reduced taxes, until it is restored, repaired, or reconstructed.

To receive the disaster relief, the property owner must file an application with the county assessor within 60 days of the date of the disaster to initiate reassessment. Alternatively, if the owner does not file an application and the assessor determines that within the preceding 6 months the property had suffered damage caused by misfortune or calamity that may qualify the property owner for relief, the assessor may send an application to the property owner which restarts a new filing period. The taxpayer may file within 30 days of the date the application is sent by the assessor (but in no case more than 6 months after the date of the disaster). In some cases the assessor may reassess the damaged property even though the owner did not file an application, but only with the approval of the board of supervisors.

Proposed Law

This bill would amend Section 170 of the Revenue and Taxation Code to revise the property tax disaster relief provisions to: 1) permit assessor initiated reductions generally, 2) give taxpayers more time to file a claim, 3) give taxpayers more time to file an appeal, and 4) increase the eligibility threshold level to $10,000.

Comments

This bill would revise these disaster relief provisions as follows:

Assessor Initiation. The disaster relief provisions of Section 170 apply to both disasters affecting many properties, such as an earthquake, and individual properties, such as a home fire. When assessors become aware of property damaged or destroyed, via the media on well-publicized disasters, such as earthquakes, large scale fires, floods, mudslides, or fire reports acquired from the fire department, they do not have the authority to commence reassessment to give property owners tax relief. Instead, they must wait until they receive an application from the affected property owner. Assessors may initiate reassessment pursuant to subdivision (l) of Section 170. However, this provision has been interpreted to require that assessors seek approval from the board of supervisors on specific properties in question on a case by case basis rather than as a grant of general authority in all cases.

Assessors encourage property owners to file an application by sending them an application by mail and extending the period to file an application from the date of this mailing. But, after a disaster, filing for property tax relief may be a low priority for persons affected or, in the worst case, the property owner may have been killed in the misfortune or calamity.

Given the interpretation that the provisions of subdivision (l) are limited, this proposal would amend subdivision (a) to clearly state that the board of supervisors may grant the assessor general authority to initiate reassessments upon discovery. If granted, assessors could begin the reassessment process on properties which in their judgment qualify without an application from the property owner. However, in those counties where the board of supervisors does not grant the assessor general authority under subdivision (a), the assessor could still seek specific authority from the board of supervisors on individual properties under subdivision (l).

Claim Filing Period. For non-assessor initiated reassessments, this proposal would extend the time frame for taxpayers to file an application for reassessment from 6 months to 12 months. Additionally, it would ensure that taxpayers are provided a minimum of 12 months to file an application in every county. These disaster victims should be afforded with a generous period of time to make their claim. After a disaster in which they have lost their possessions, this proposal would grant additional time to those who have less presence of mind, fewer resources, and missing, inadequate or inaccessible documentation than under normal circumstances.

Appeal Filing Period. A taxpayer may disagree with the assessor's reassessment of property to reflect a decline in value after a misfortune or calamity and wish to file an appeal to challenge the value. Once the assessor mails the taxpayer a notice of reassessment with the new value, the taxpayer has 14 days to file an appeal. However, in most other cases, a taxpayer has 60 days to file an assessment appeal after receiving a notice of reassessment. In disaster situations, a taxpayer should have at least, but preferably more, time to file an appeal. Consequently, it is recommended that the 14 day period be increased to 6 months.

Minimum Damage Requirement. Under existing law, there must be at least $5,000 worth of damage to receive property tax disaster relief. In administrating these provisions, assessors are finding that where the amount of damage is small or where the property is quickly repaired, the administrative cost to grant the relief (reappraise the property both before and after the damage, prepare roll corrections to reduce the value, issue tax refunds and then, once repaired, reinstate the value with additional roll corrections and issue new tax bills) has come to exceed the amount of relief actually given. For example, if a property sustained only $5,000 worth of damage and the property is left unrepaired for the full tax year, the property tax relief would be at most $50 (less if the property was repaired within the year). Conversely, the administrative cost to grant the relief will typically exceed $50.

To reduce the number of instances where the cost to grant the relief is greater than the relief itself, this proposal would increase the threshold level to properties which have incurred at least $10,000 of damage. Since the other provisions of this proposal could result in more instances where relief will be extended to victims, it is recommended that

the threshold be increased to address the criticisms that these provisions are not a cost effective means of providing relief to disaster victims. This change is also consistent with previous increases in the minimum threshold level ($500 in 1953; $1,000 in 1968; $5,000 in 1978.)

Disabled Veterans' Exemption

Revenue and Taxation Code Section 205.5

Current Law

Existing law provides a "disabled veterans' exemption" which applies to the home of a qualified veteran or their surviving unmarried spouse. The basic exemption amount is $100,000 but a higher "low-income" exemption of $150,000 is provided to claimants with a household income below a specified threshold level. The basic exemption is provided on a one-time filing basis, while the low-income exemption requires an annual refiling.

Section 205.5 of the Revenue and Taxation Code was amended by Chapter 1086, Stats. 2000 (SB 1362, Poochigian), to increase the income threshold for the low income exemption to $40,000 for the year 2001 and to provide for an annual adjustment in the income threshold level for 2002 and each year thereafter. The annual adjustment is based on the annual percentage change in the California Consumer Price Index (CCPI) for all items from October of the prior fiscal year to October of the current fiscal year.

Proposed Law

This bill would amend Revenue and Taxation Code Section 205.5 to change, for purposes of the income eligibility threshold, the period for measuring inflation increases and clarify that increases are to be compounded annually.

Comments

The following two cleanup provisions have been identified related to the annual adjustment of the income threshold.

Measurement Period. The income threshold will vary from year to year and more disabled veterans may be able to qualify for the higher exemption amount of $150,000 which requires annual, rather than one-time, filing. Disabled veterans will need to know the threshold level to determine whether they qualify early enough to submit a timely claim to obtain the $150,000 exemption (rather than $100,000 exemption). In order to timely determine, publicize, and prepare new claim forms with the income threshold for each year, the measurement period requires adjustment. The CCPI measurement period established for use in the disabled veterans' exemption, October to October, is the same period used for purposes of applying the Proposition 13 inflation factor to property assessed values. While this time period works well for Proposition 13 purposes, it is too late for purposes of the disabled veterans' exemption. The October figures are released on the first of December, which would be six months after the date the Board must revise the claim forms and provide copies to assessors for printing and mailing to taxpayers in preparation for the upcoming tax year. The CCPI figures are

released for the months of February, April, June, August, October, and December (each figure is available about four weeks after the end of the month).

To correct this timing problem, this bill would change the measurement period to February to February of the two prior assessment years. For example, forms prepared in March 2002 for the 2003 lien date would reflect the CCPI change from February 2001 to February 2002.

Compounding Inflation Factor. As currently drafted, there could be some question as to whether the inflation factor should be compounded annually. Without compounding, the income threshold would fluctuate up and down from year to year with $40,000 as the base figure of comparison for every year. For instance, in one year the income threshold could be $45,000 and the following year the income threshold could drop to $41,000.

This bill would clarify that the inflation adjustments are to be compounded *annually* to ensure that the threshold will increase each year.

State Assessees - Penalties

Revenue and Taxation Code §830 and §830.1

Current Law

Under existing law, state assessees must annually provide certain information to the Board of Equalization. Failure to provide this information results in the application of a penalty. The calculation of the penalty varies depending upon the type of information found to be deficient. In the case of a state assessee who fails to provide information *needed to develop* the state assessee's unit value, the penalty is 10% of the entire unit value (i.e. land, improvements, personal property) which is added to the assessed value adopted by the Board. In the case of a state assessee that provides all the data required for purposes of developing the overall unit value, but does not provide sufficient data with respect to listing and describing specific operating property *needed to allocate* the unit value so determined, the penalty is limited to an additional 10% of the estimated allocated value of the specific property not timely reported (rather than the entire unit value). Any penalty imposed on a state assessee for failure to provide information is capped at $20,000,000 of assessed value which, at the general 1% tax rate, means a maximum fine of $200,000.

The Board recently heard a state assessee appeal (Nextel) concerning a petition for reassessment and penalty abatement in which the taxpayer argued that a penalty imposed due to their failure to provide certain information should be applied to a class of their property (land value only) rather than to their entire unit value. The state assessee argued that the information which they failed to provide could be categorized as specific operating property which they did not list or describe. Thus, they argued that the penalty should be calculated only on the assessed value of this property rather than on their entire unit value. However, in this specific instance, the information lacking did not relate solely to detail needed to allocate the value so determined by the Board, which would have allowed the application of this lower penalty. The missing

information also related to the ability of the Board to properly *develop the unit value* of the state assessee in the *first* instance. Consequently, the proper penalty was 10% of the entire unit value subject to the $20,000,000 maximum cap.

Proposed Law

This bill would amend Sections 830 and 830.1 of the Revenue and Taxation Code to clarify the distinction between the two penalties related to states assessees:

1. failure to provide information needed to develop unit values, and
2. failure to provide information in sufficient detail needed to allocate the unit value so determined.

Comments

This bill would amend Sections 830 and 830.1 to clarify that when a state assessee fails to provide information needed to develop the state assessee's unit value, the penalty applies to the entire unit value (i.e. land, improvements, personal property) determined by the Board. It would also clarify that when a state assessee provides information needed to develop the overall unit value, *but does not* provide sufficient detail with respect to listing and describing specific operating property for purposes of allocating the unit value so determined, the penalty is applied only to that specific portion of the property (rather than the entire unit) for which information is lacking. This proposed legislation would include an uncodified statement that these amendments are declaratory of existing law.

Confidentiality of State Assessee Information
Revenue and Taxation Code Section 833

Current Law

Existing law provides that all information from a state assessee that is required by the Board or furnished in the property statement is confidential. Additionally, other types of information and records in the Board's possession related to state assessees are not a public record and are not open to public inspection, if it is not required to be kept or prepared by the Board.

Existing law also permits, and in certain instances requires, that otherwise confidential information concerning state assessees be disclosed to specified county officials. Specifically, the Board may voluntarily provide any assessment data in its possession to the assessor of any county. The Board must permit the examination of any and all Board records by the assessor or auditor when a county board of supervisors adopts a resolution requesting that the assessor or auditor or any duly authorized deputy or employee of that officer obtain such access.

Comments

While existing law expressly states that the Board itself must hold state assessee information secret, it is silent as to whether an assessor or auditor that acquires that same confidential information from the Board must also protect its confidentiality. The Board's legal staff has opined that county assessors and auditors are bound by the same duty to protect confidential state assessee information as the Board. However, there is no statute or direct case authority which states this explicitly.

This bill would make an express declaration that an assessor or auditor or any duly authorized deputy or employee of that officer obtaining confidential information, records, and appraisal data from the Board pursuant to Section 833 shall hold that information secret.

Amendments. The June 29 amendments reflect a redrafting of the original amendments to Section 833 which were included in the bill as introduced but subsequently deleted by April 23 amendments after opposition was expressed by the County Assessors Association. The current amendments reflect substantively similar language that is acceptable to the Association.

Assessment Appeals – Exchange of Information
Revenue and Taxation Code Section 1606

Current Law

Under current law, Section 1606 of the Revenue and Taxation Code contains the exchange of information provision, or "discovery" device, in an equalization or assessment appeals hearing. The exchange of information allows the initiating party to ascertain the basis of the other party's opinion of value. Before obtaining the non-initiating party's information, the initiating party must submit to the non-initiating party the basis of its opinion of value more than 20 days in advance of the equalization or assessment appeal hearing date. Because Section 1606 is unclear as to how the submission must take place, the Board promulgated Property Tax Rule 305.1, which touches on the issue and reads in part as follows:

> 305.1. (a) * * * The request may be filed with the clerk at the time an application for hearing is filed or may be submitted to the other party and the clerk at any time prior to twenty days before the commencement of the hearing.
> (b) * ** the other party shall submit a response to the initiating party and to the clerk at least 10 days prior to the hearing * * *

There have been disagreements between the parties as to whether the information upon which the initiator intends to rely must be in the physical possession of the non-initiating party more than twenty days in advance of the hearing date, or whether it will suffice to have the initiator put the information in the mail more than twenty days in advance of the hearing date. It is also unclear whether the information upon which the non-initiating party intends to rely must be in the physical possession of the initiator at least ten days in advance of the hearing date, or whether it will suffice to have the non-

initiating party put the information in the mail at least ten days in advance of the hearing date.

Proposed Law

This bill would amend Revenue and Taxation Code Section 1606 to ensure that both parties in an equalization or assessment appeal hearing will have adequate time to review the other's information in the context of an exchange of information.

Comments

When an exchange in information is initiated, both parties should have sufficient time to adequately review the data submitted and prepare their cases accordingly. To end the disagreements over receipt date vs. mailing date, this bill would specify that where delivery services are used, the date of postmark will control and extend the time frame (by 10 days for the initiating party to start the process and 5 days for the other party to respond) to account for delivery time. In addition, this bill would clearly state that parties shall use adequate methods of submission to ensure to the best of their ability that the exchange of information process is *completed* at least 10 days prior to the hearing. This would be consistent with the original intent of this measure and ensure that both parties are adequately prepared to present their cases to the assessment appeals board without costly delays and continuances. These changes would remove some of the potential gamesmanship that can occur in the equalization and assessment appeals hearing process to intentionally delay the receipt of the material by the other party. Additionally, this bill would add uniformity and clarity to the exchange of information process.

Manufactured Homes

Revenue and Taxation Code Section 5814

Current Law

Proposition 58, which was passed by the voters of California on November 4, 1986, added subdivision (h) to Section 2 of Article XIII A of the California Constitution. Subdivision (h) provides, in part, that the terms "purchased" and "change in ownership" shall not include the purchase or transfer of the principal residence, or the first $1 million of the full cash value of all other real property between parents and their children, as defined by the Legislature. Chapter 48 of the Statutes of 1987 added Section 63.1 to the Revenue and Taxation Code to implement Proposition 58.

Currently, Section 63.1 defines "real property" for purposes of the parent-child exclusion to mean real property "as defined in Section 104." Section 104 defines "real property" as land; all mines, minerals and quarries in the land; timber; and improvements. "Improvements" is defined in Section 105 as all buildings, structures, fixtures, and fences erected on or affixed to the land and all fruit, nut bearing, or ornamental trees and vines, not of natural growth, and not exempt.

Chapter 796 of the Statutes of 1991 provided that a manufactured home shall not be classified as real property for property taxation purposes that would cause it to be

excluded from taxation pursuant to the Manufactured Home Property Tax Law (Part 13, commencing with Section 5800 of the Revenue and Taxation Code).

While other sections of law that allow property tax relief specifically provide for manufactured homes, Section 63.1 does not specifically state that the parent-child exclusion applies to manufactured homes. For example, Section 69.5(c)(2) authorizes manufactured homes transfers of base year value for persons who are at least 55 years old or disabled. Similarly, Sections 172 and 172.1 specifically authorize disaster relief for manufactured homes.

Proposed Law

This bill would add subdivision (b) to Section 5814 of the Revenue and Taxation Code to specify that as used in Sections 60 to 68, inclusive, the term "real property" includes a manufactured home that is subject to tax under the Manufactured Home Property Tax Law.

Comments

It has recently come to the Board staff's attention that one county (Modoc) had not been allowing the parent-child exclusion on manufactured homes because Section 63.1 does not specifically mention them. Staff subsequently surveyed counties with large numbers of manufactured homes and found that these counties have been granting the exclusion. This measure would amend the Manufactured Home Property Tax Law to specifically provide that the change in ownership provisions found in Sections 60 – 68 apply to manufactured homes subject to its provisions.

Note. The change in ownership provisions currently run from Section 60 to Section 69.5 consequently the following amendment is suggested.

5814. (a) For purposes of this part, "change in ownership" and "purchase" shall have the same meanings as provided in Sections 60 to ~~68~~ 69.5 , inclusive, to the extent applicable. The operative dates of those sections shall be controlling in the determination of whether a change in ownership or purchase of a manufactured home has occurred.

(b) As used in Sections 60 to ~~68~~ 69.5, inclusive, the term "real property" includes a manufactured home that is subject to tax under this part.

Private Railroad Car - Appeals
Revenue and Taxation Code Sections 11273, 11338 and 11339

Current Law

Under current law, there is a two step process to file an appeal of a private railroad car assessment with the Board of Equalization. The first step is to file a "declaration of intent" to appeal, which is due on or before August 21. The second step is to file the actual appeal, which is due on or before September 20. Similar provisions exist for assessments that are made outside the regular assessment period, except that the "declaration of intent" must be filed within 20 days of receiving the assessment notice and the appeal must be filed within 30 days thereafter.

Proposed Law

This bill would amend Revenue and Taxation Code Sections 11273, 11338 and 11339 to eliminate the filing of a declaration of intent to petition for reassessment of private railroad cars

Comment

This bill would eliminate the unnecessary first step of filing an "intent to appeal" and instead simply require that, with respect to assessments made for the regular assessment period, an appeal be filed by September 20, and with respect to assessments made outside the regular assessment period, an appeal be filed within 50 days of the assessment notice. These changes would simplify the appeals process for Private Railroad Car Taxpayers as well as conform to similar streamlining measures made last year for state-assessees, which were contained in Senate Bill 2170 (Ch. 647. 2000, SR&T) and sponsored by the Board. Additionally, this bill would give Private Railroad Car Taxpayers more time to decide if they want to file an appeal since they need not take action until September 20 to initiate their right to appeal, rather than the earlier date of August 21.

Amendments. The June 29 version of the bill amends Section 11273 to delete "intent to appeal" language in conformance with the amendments to Sections 11330 and 11338.

The April 23 amendments delete the following provisions of the bill as a result of opposition expressed from various parties.

1. **Parent-Child Change in Ownership Exclusion - Claim Recission.** As introduced this bill contained a measure to state in law that a taxpayer may rescind a parent-child change in ownership exclusion. (§63.1)

   Comment. It is the Board's opinion that taxpayers may rescind their parent-child change in ownership exclusion claims under existing law. The reason for permitting

rescissions is so taxpayers are not forced to retain a tax benefit when they are willing to repay the tax savings they received, or, in the case of a taxpayer who unknowingly applied for the benefit, the original claim resulted in higher taxes. The prior amendments would have specifically placed in statute language clarifying that a parent-child change in ownership exclusion claim can be rescinded under specified conditions. The California Assessors' Association (CAA) expressed opposition to the particulars of the provision because it provided that a taxpayer could rescind their claim within four years. The CAA requested a reduction to one year instead. Staff believed that this one year limit was too restrictive as it could take more than one year to realize a mistake had been made in the first place and, consequently, the legislation with this amendment would have ultimately been more harmful to taxpayers. Since it is the Board's opinion that rescissions are permissible under existing law, this provision was deleted.

2. **Proposition 1 Implementation.** As introduced this bill included measures to provide further implementation of Proposition 1. (§69.4 and 74.7)

   Comment. The Members of the Committee opted not to proceed with this provision.

COST ESTIMATE

Any Board costs associated with this bill would be absorbable.

REVENUE ESTIMATE

The proposed changes in this bill would not impact the state's revenues.

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